

STATE OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS (Continued)
 FISCAL YEAR ENDED SEPTEMBER 30, 2000

NOTE 10 – PROPERTY, PLANT, AND EQUIPMENT

A. Primary Government

Proprietary Funds

Classification: The following table summarizes, by major class of asset, the recorded costs of fixed assets included in proprietary funds, as of September 30 (in millions):

| <u>Classification</u> | <u>Enterprise Funds</u> | <u>Internal Service Funds</u> |
|---------------------------------------|-----------------------------|---------------------------------------|
| Land | \$ - | \$ - |
| Buildings and Equipment | 4.3 | 246.0 |
| Construction in Progress | - | 2.5 |
| Total | 4.3 | 248.5 |
| Allowance for Depreciation | (3.8) | (146.1) |
| Net Property, Plant, and Equipment | <u>\$.5</u> | <u>\$ 102.5</u> |

Depreciation: Depreciation methods and useful life estimates used for buildings and equipment vary between the different funds. The estimated service lives of the respective assets range from 3 to 50 years for buildings and 2 to 25 years for equipment. Several funds in the proprietary and pension trust fund classes do not capitalize and depreciate their fixed assets if the asset costs are insignificant in comparison to total operating costs.

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General Fixed Assets

Changes by Classification: The following table summarizes, by major class of asset, the changes in recorded costs for the General Fixed Assets Account Group (in millions). Increases and decreases in general fixed assets, which resulted from

current fiscal year transactions, are reflected in the additions and deletions columns. The adjustments and reclassifications column includes amounts reclassified from construction in progress to land and buildings and various other adjustments.

| <u>Classification</u> | Balance September 30, 1999 | Additions | Deletions | Adjustments and Reclas- sifications | Balance September 30, 2000 |
|------------------------------------|----------------------------------|-----------------|----------------|---|----------------------------------|
| Land | \$ 265.0 | \$ 15.5 | \$ - | \$ 1.0 | \$ 281.5 |
| Buildings | 2,272.7 | 145.3 | 40.2 | 63.2 | 2,441.1 |
| Equipment | 410.7 | 40.3 | 36.2 | (45.8) | 368.9 |
| Construction in Progress | 355.7 | 237.8 | - | (38.4) | 555.0 |
| Equity Interests in Joint Ventures | 30.4 | - | 5.4 | - | 25.0 |
| Total General Fixed Assets | <u>\$ 3,334.5</u> | <u>\$ 438.9</u> | <u>\$ 81.8</u> | <u>\$ (20.1)</u> | <u>\$ 3,671.5</u> |

Funding Source: The following table summarizes the funding source of the investment in general fixed assets as of September 30 (in millions):

| <u>Fund</u> | <u>Investment</u> |
|--|-------------------|
| General Fund | \$ 2,020.2 |
| Special Revenue Funds: | |
| Transportation Related | 214.6 |
| Conservation, Environment, and Recreation Related | 110.0 |
| Regulatory and Administrative Related | 34.3 |
| Capital Projects Funds | <u>1,292.4</u> |
| Total Investment in General Fixed Assets | <u>\$ 3,671.5</u> |

Construction in Progress: As of September 30, 2000, the State had several construction projects in progress. The estimated cost, amount authorized, and amount expended for these projects totaled \$1.1 billion, \$786.2 million, and \$555.0 million, respectively.

In addition to the projects noted above, the State has planned other construction projects which were unfunded as of September 30, 2000. The costs of these projects, as well as the unfunded portion of projects currently in progress, will be funded from future years' resources.

B. Discretely Presented Component Units

The following table summarizes the recorded costs of fixed assets reported by the discretely presented component units (in millions):

| | <u>Amount</u> |
|--|-------------------|
| State Universities: | |
| Land | \$ 180.0 |
| Buildings and Equipment | 2,698.3 |
| Construction in Progress | <u>255.0</u> |
| Total | 3,133.4 |
| Allowance for Depreciation | <u>(1,147.0)</u> |
| Total - State Universities | 1,986.4 |
| Other Discretely Presented Component Units | <u>24.3</u> |
| Total - Discretely Presented Component Units | <u>\$ 2,010.7</u> |